

Momentum Health targets low earners

■ Scrap for new entrants intensifies with packages ■ Premiums to rise by 7% to 16%

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MOMENTUM Health, the fifth-largest medical scheme in the country, is moving into the low-income market, a trend that is proving to be popular with health insurance companies as they look for ways to attract new members and make premiums more affordable.

The company has launched two new options – one for people earning less than R3 500 a month and another for those with salaries of between R3 500 and R7 500 a month. One of the

packages in the first option will cost R751 for a family of three.

Lee-Ann du Toit, the head of health marketing at Momentum Health, said the scheme was aware that R751 was still a lot of money to pay for a person who earned R3 500 but it hoped that employers would come to the party and subsidise their employees.

Du Toit said the low-income segment was the one area where Momentum had not had a presence.

She stressed that this was not the only plan to drive

growth as the scheme would “grow in all income levels”.

Schemes are looking for new clients among those who were previously not covered as they create benefit packages to make health insurance affordable to this population segment.

Discovery Health, the largest medical scheme in the country, said 25 percent of its new business was coming from this market.

Momentum Health is six years old and has grown rapidly. Twelve months after its inception, it had 6 000 mem-

bers; the figure stands at 81 172 currently. Last year it collected R1.4 billion in contributions and paid R1.2bn in claims.

Du Toit said having a wide range of brokers and focusing on ensuring that its members were healthy, through the Multiply Wellness Programme, had helped grow the scheme.

“We also have a network of service providers and we can arrange discounts for our members. We are always looking to see how we can help our members save money,” said Du Toit.

But it has also felt the pinch

of the crumbling economy that has led to retrenchments. Du Toit said the scheme had lost about 8 000 members because of lay-offs between January and September. But she said there had been some gains of just over 1 000 in new business.

“Schemes are struggling and usually it is the younger and healthier members who are exiting,” said Du Toit.

Momentum Health said yesterday it would increase premiums for next year by between 7 percent and 16 percent, depending on the option chosen.

Discovery Health and Bonitas have announced average premium hikes of 9.8 percent and 15 percent, respectively.

Administration for Momentum Health is handled by Momentum, which handles 11 other schemes. Increases in the administration fees have been kept at 3 percent for the last three years. The company is part of FirstRand.

Du Toit said Momentum Health believed there would be a room for private medical aid schemes when national health insurance was introduced.